

**A Global Campaign: Comparing and Contrasting Advertising Between  
the United States and the European Union**

**An Honors Thesis (HONRS 499)**

**by**

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A handwritten signature in black ink, appearing to read "Doug Naffziger", with a long horizontal flourish extending to the right.

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## Abstract

The United States and the European Union play an important role in the global marketplace. Their customs and culture have been relayed through advertising for years, but this has not come without growing pains. The purpose of this research is to further illustrate and convey the major differences and similarities between United States and the European Union advertising efforts and how it affects the way multinational corporations advertise their products. There are many issues with global advertising, and history has shown a number of highly criticized mistakes made by international corporations. The research from this paper will be used to show the major similarities and differences between the two regions and demonstrate how proper marketing research can affect advertising.

## Acknowledgements

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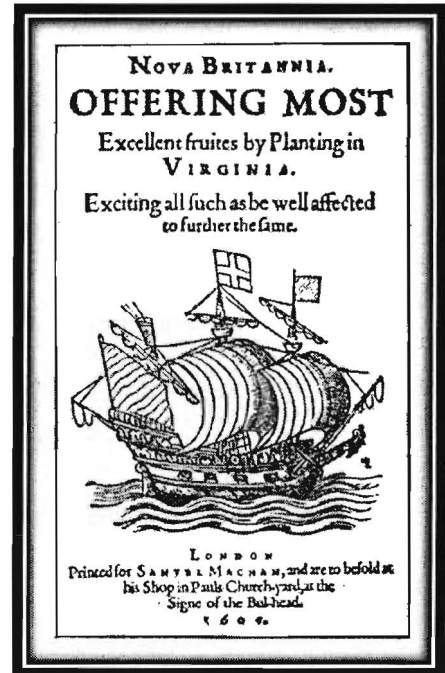
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## Introduction

*"In the modern world of business, it is useless to be a creative, original thinker unless you can also sell what you create."* –David Ogilvy

As long as there have been products to sell, there has been advertising in an attempt to sell them. Since the early 1700s, America has been engaged in the spirit of commerce. Discovered by accident as a means to more easily navigate goods to India, North America, specifically the area that is now the United States, has been a mecca for trade ever since.



In the 21<sup>st</sup> century, America has many advertising techniques that are completely different from the rest of the world. Somehow, though, American culture seems to be seeping into, and in some cases overtaking every culture in its path. This could explain how the English language has become increasingly prevalent around the world. American culture and customs have been relayed through advertising for years, but even more lately with the ever-continuous technology evolution.

In any case, the world is filled with thousands of cultures and subcultures, and with different cultures come different rules and norms. Therefore, the need for advertising professionals worldwide will most

likely never cease. As new products and innovations continue, there will always be a need for a new way to sell them.

Through the use of traditional research as well as first-hand accounts and experiences, this paper will attempt to identify the major similarities and differences, with respect to the United States, in advertising techniques among countries in the European Union. Visual aids taken from a two-week field study to Rome, London, and Paris will accompany research and first-hand accounts of the advertising culture.

#### European Union Overview

*"The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself."* –Peter F. Drucker

The European Union is comprised of 27 member nations that act interdependently. The Union is mainly run through the European Commission, which is generally responsible for introducing legislation and daily EU operations. The Commission also helps to unite the European nations, as there are 27 different commissioners in its cabinet, one for each member state.

The framework of the European Union is especially important to marketers because of free trade. As a member of the EU, goods and services are allowed to freely move throughout the nations without trade restrictions. In addition to free trade, the EU also has a subset called the "Eurozone". This area represents the 17 countries that have adopted the

euro, the common currency for all representative countries. As more nations become a part of the EU, the number of euro users will also increase. Currently, the EU houses a population of over 500 million people and in 2010 accounted for 20% of the global economy in terms of purchasing power parity. Therefore, advertising becomes increasingly important in order to target EU citizens effectively. This statement is supported through the sheer number and variety of advertisements developed every year. In fact, of the over \$300 billion spent on advertising worldwide, more than 25% is spent in Europe (Petty, p. 2).

The major trends in European advertising techniques are the use of interactive ads, the union of the Internet and television, and advertising through mobile devices. Through the evolution of cable and digital television, there have been new ways in which advertisers target the audience (Liesse and Maqua, 2002). Now that more people are paying to receive digital cable, the opportunity for interactive advertisements has risen. Marketers hope that by keeping the consumer engaged, there will be less of a chance for the commercial to be skipped over. Instead of listening to an advertisement, the consumer is able to virtually interact using their remote control to choose presented options.

Also, televisions are becoming more technologically involved. Many now come with features that allow the user to access the Internet. Therefore, individuals can use this aspect to browse or shop online

through their television sets. As in the United States, more marketing efforts are being used through mobile devices. In Europe, it is no different. Many companies are using the increase in mobile devices to grow loyalty rates. This process is done by sending consumers SMS (text) messages that contain coupons or other promotional information. In accordance with privacy regulations, however, only consumers that have voluntarily given their number are eligible for these texts. This technique can also be paired with traditional television advertisements as well. Therefore, while a consumer is watching his or her favorite show, an advertisement may be used displaying a number to text in order to receive special promotions, new information, etc.

Overall, the European Union is showing similar progress to the United States in terms of advertising techniques. Many of these new practices are a result of technological evolution around the world. As new devices and applications are created, there become new avenues in which to reach target markets. A marketer's job may be more difficult in the European Union than in the United States due to the even greater amount of registered mobile devices. By 2007, the penetration of the mobile phone surpassed the 100% mark in European countries. In other words, European citizens, on average, have more than one cell phone per person (International Telecommunications Union, 2008). As a result of the

growing technological abilities around the world, advertising effectiveness will need to continue to evolve as well.

## Differences

*"Advertisers constantly invent cures to which there is no disease."* -Author Unknown

## *Regulation*

There are three main sections of advertising that are regulated in most countries. These include: misleading, comparative, and unfair advertising. All three types have some differing regulations between the United States and the European Union. In most cases, the U.S. has imposed legislation much earlier than in the EU. This is due in part to the fact that the EU is a more recent unification of countries and therefore has required time to organize the laws of each of its member states into cohesive legislation.

The United States' regulation on advertising has been a necessary staple throughout its history. In 1915, the Federal Trade Commission condemned the use of misleading advertising in the U.S. While in Europe, the European Commission adopted an initiative against misleading advertising in 1984, nearly 70 years after the United States (Petty, p. 2). This initiative was mainly modeled after unfair competition legislation in other European nations as well from U.S. law. A main difference between the two systems is the topic of comparative advertising. In the early



1970's, the FTC lobbied for comparative advertising to be generally accepted by television networks. The FTC even went as far as to issue a statement in support of comparative advertising. Today, if there is an issue with comparative advertising, it is usually handled and settled privately under the Lanham Act (Wright and Morgan, 2002). The Lanham Act was enacted in 1946 and "allows any person likely to be damaged by another's false or misleading representations of fact in commercial advertising or improper use of a trademark to sue in federal court, seeking injunctive relief, damages and, in exceptional cases, attorneys' fees" (Wildes and Singer, 2004).

Historically, with the exception of the United Kingdom and Ireland, comparative advertising has been condemned. This form of promotion is seen as defamation and unfair competition through most of Europe. In Belgium and Luxemburg, it is even forbidden to use another company's trademark in advertising. Although there are variations of this regulation across Europe, the position on comparative advertising is the same.

With unfair advertising, the European Union and the United States have more common ground. Each governing body deals with problems such as: inadequate information, safety concerns, and taking advantage of vulnerable audiences. While the issues may be similar in many situations, the EU has the laws of each separate nation to take into account. In places like Belgium, Denmark, France, the Netherlands, and

the United Kingdom, directives for unfair advertising are more specific. For example, by law “consumers must receive a seven-day cancellation period for products sold at a distance rather than in person at a store or other place of business” (Petty, p. 9).

To enforce these regulations, the United States and the European Union have differing ways as well. The majority of advertising enforcement occurs through industry self-regulation, government regulation, or private lawsuits. Table 1 communicates this breakdown below.

Table 1: Enforcement Structure

	United States	European Union
Industry Self-Regulation	National Advertising Division, media	UK, Italy, Belgium, Ireland, Switzerland, the Netherlands
Government Regulation	FTC, state	Scandinavian countries
Private Litigation	Lanham Act	Germany, Austria

For the United States, the media and the National Advertising Division (NAD) dictate the self-regulated portion of the industry. NAD is a part of the Better Business Bureaus, which review national advertisements for truthfulness and accuracy. However, compliance with NAD findings is voluntary. In the European Union, there is a breakdown between countries on which form of regulation is most used. Industry self-regulation is most widely used by countries such as the UK, Italy, Belgium, Ireland, Switzerland, and the Netherlands. However, government

regulation is the main form of regulation in the Scandinavian countries. Finally, private litigation is used in Germany and Austria. This discrepancy may exist because of cultural preferences or governing style.

### *Sexuality*

Sexuality, especially homosexuality, in advertisements has been a topic of interest in many countries for a number of years. Recently, however, there has been a push for more “gay-friendly” advertising campaigns. This has mainly come about from a rise in knowledge about homosexuality. As it becomes more of a cultural norm, new information about this segment of the market has become available. Even just ten to twenty years ago, talk about homosexuality was kept to a minimum. Today, as there is a higher tolerance for the lifestyle, there is now more information concerning gay preferences in advertising. In an article from Time Magazine, openly gay men in full-time positions are earning \$18,000 more per year than the male average. With considerable extra disposable income, this target market becomes profitable when appealed to successfully (Smith, 2006).

Although the world is becoming less adverse to homosexuality, there is still a vast difference in acceptance between the United States and European countries. In an effort to cash in on the gay population in Britain, Dolce and Gabbana launched a gay themed ad for its new watch collection, which featured a male-male kiss in its commercial. For some,

especially in the United States, this would be very controversial. However, the decision was mostly directed as a business opportunity. Around 6% (3.6 million) of the UK's population is homosexual. In a recent survey of this sector, it was found that the 3.6 million make an estimated \$130 billion each year (Smith, 2006). Other companies that have strived to earn a piece of this market include McDonalds, who aired a pro-gay commercial in France.

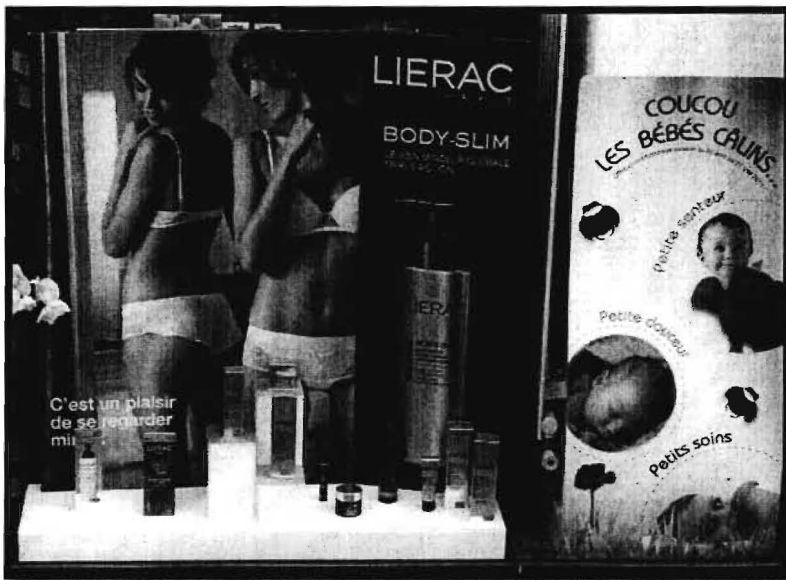
In the United States, even slightly racy advertisements have been hit with severe backlash. American Airlines, Budweiser, and Ford have all released advertisements in an attempt to capture the attention of the gay market. However, many of these



types of ads in the United States quickly received negative press and are only briefly aired to the public. Not only is homosexuality in advertisements viewed differently in the U.S. and the EU, but sexuality in general is as well. The photo above of a sex shop in Paris can be used as an example of the open sexuality in most of Europe.

In Europe, it is widely known that sensuality is accepted as a part of day-to-day life. Therefore, nudity of any kind in advertisements and life

in general is more tolerated than in the United States. In Paris, a beauty product used a scantily clad model to showcase the product. Interestingly, right next to this storefront advertisement, there was another ad that featured children's products. Below is a picture of the display.



Similar images can also be seen from another European city, Rome. Although the advertisements were not quite as exposed as in Paris, there

was still a definite sexual undertone involved in the advertisements. The displays and major billboards were also very large in Rome, taking up an entire side of a building in some cases. Below is an example of an advertisement in Rome.



Overall, because nudity in publicly consumed media is illegal in the United States, sexuality is going to be taken more seriously and given more attention than in the EU. Therefore, since this type of advertising is a normal occurrence in Europe, racy and even fully nude advertisements are seen as culturally acceptable.

### Similarities

*"Advertising is only evil when it advertises evil things."* –David Ogilvy

### Children

Children are often the most protected consumers as well as the most exposed. Today, many children, instead of doing activities outdoors, are spending the majority of their free time in front of a television. This could be through watching shows and movies or using the television to play video games. In a survey of seven to twelve year old children in France, over two and a half hours are spent each day watching television.

On the other hand, the survey also found that American children spend between four and five hours each day in front of the television. Consequently, according to the Consumers Union in the United States, each child on average will see about 30,000 commercials per year (Dumont, 2001).

Over the past five to ten years, there has been a major struggle with childhood obesity in the United States and beyond. Since children are spending more time stationary in front of a television, there has been a magnifying glass put on the programs being watched. Therefore, advertising directed at children has also been under scrutiny. In the United States and the EU, regulators are tightening the reigns on food item advertisements. According to a New York Times article this April, food marketers are being told to either make their products healthier or to discontinue advertising to children (Neuman, 2011).

A similar issue is being addressed in Europe as well. With childhood obesity also on the rise in European countries, regulatory bodies are suggesting new avenues to curb the epidemic. Of the original 15 EU countries, 12 consider advertising to children questionable. Therefore, this issue is becoming a regulatory focus for governing bodies (Yost, 2007). As a result, the European Union is attempting to pass a directive in order to regulate children's advertising. Part of the law prohibits "commercials featuring characters children are familiar with" until after 9

p.m. on weekdays and 10 p.m. on weekends. Some believe that eventually, food characters such as Toucan Sam and Tony the Tiger will be placed in the same category as Joe Camel of Camel Cigarettes. In addition to obesity, children are also not able to understand the difference between a commercial and a program until age twelve, furthermore illustrating the need for children's advertising regulations (Dumont, 2001).

### *Political*

In the United States, the First Amendment to the Constitution has been used to shape the future of the nation. This remains true in the area of political advertising in both the U.S. and the European Union. Although the EU does not have the same Constitution, there is still a value placed on human rights. The U.S. First Amendment states, "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances." Under this law, political advertising is protected under political speech. However, there are regulations in accordance with political advertising. Overall, these laws generally deal with the fundraising process for political campaigns. The Federal Election Campaign Act (FECA) of 1974, placed limits on the



amount of money that could be used on a candidate's campaign, especially those in a presidential election (Jones, 2004).

In the European Union, there is a similar sentiment on the restriction of free speech. The European Convention on Human Rights (ECHR) of 1950 is a treaty that was drafted to protect fundamental human rights and freedoms in Europe. This treaty is similar to the First Amendment of the United States in that it provides an individual with judicial backing if they feel their rights have been violated. As with U.S. political speech and advertising, there are still restrictions. A few major ones include a limit on the number of political broadcasts and limitations on broadcast time on public and private stations. Political broadcasts on stations are not prohibited, but there is an allowance of free broadcasts for political advertising. After this allowance has been reached, the candidate is not allowed to purchase more time. The difference in restrictions between public and private stations is that there are no free broadcasting times available on private stations. The only way to broadcast political advertising on private stations is through the purchase of airtime, which is also limited to a certain amount of time (Jones, 2004).

### **Managing Messages Across Borders**

*"In life and business, there are two cardinal sins.. The first is to act precipitously without thought and the second is to not act at all."* – Carl Icahn

History often repeats itself in the case of international marketing blunders. From Pepsi to Colgate, some of the top marketers have fallen

prey to poor, and often embarrassing, marketing strategies. Although there are an abundance of examples of what not to do, there are still frequent offenders. The source of the majority of these issues stem from poor marketing research. With the global market having such a diverse and complex nature, this makes undertaking market research prior to marketing decisions extremely crucial. Without proper research, costly mistakes are made and international opportunities lost (Craig & Douglas, p. 10).

The most grave mistakes that can be made deal with failing to establish if a market exists. Too often company management fails to understand the market need for their product. By obtaining false market research or blindly assuming market potential, many companies enter a market where no need is present. If sound and thorough market research had been undertaken, these and other similar problems could have been avoided (Ricks, p. 146). The two main issues that stem from ineffective marketing research and contribute to failed success in international markets are insufficient markets and inadequate feasibility studies.

An insufficient or nonexistent market can immediately halt the progress of international growth. By not understanding the local marketplace needs, a product will ultimately fail. Historically, the export of food products is especially prone to foreign market difficulty. For example, a U.S. cornflakes manufacturer attempted to introduce its

product into the Japanese market. However, the attempt was a failure because the culture had no interest or understanding of the general concept of breakfast cereals (Ricks, p. 146). Therefore, despite having success in the U.S. market, the cornflakes manufacturer was unsuccessful because there was a neglect to research the market size in Japan.

Another aspect that is often overlooked deals with inadequate feasibility studies. The basic rationale behind a feasibility study is to uncover the strengths and weaknesses of a potential venture as well as the likelihood of success. In order to cut costs, some companies have chosen to use existing studies done in the desired market. However, if the environment has changed and the data is outdated, then the relevancy of the information is close to zero. Therefore, basing decisions on inaccurate studies can be even more disastrous than not doing one at all. In other instances, companies act before sufficient data has been gathered. For example, a U.S. manufacturer of consumer goods formed a relationship with a Japanese company. After one week of investigation, the U.S. firm received encouraging data from the Japanese and quickly entered into an agreement. Due to inadequate market analysis and impulsive entry decision, the venture failed (Ricks, p. 153).

In the case of conducting qualitative market research (focus groups, surveys, etc.) in foreign countries, it is important to consider the agency

in which to partner with. Therefore, investing time in building a solid relationship with a network of agencies is important. The best information will come from agencies that have the best understanding of a company's goals and philosophy. To ensure that data is being collected in the correct manner, it would be wise to have some observance of fieldwork. Although this may be more expensive than a phone call, it is much less expensive than making poor marketing decisions based on faulty research. By sending a representative to observe questioning techniques and agency strategy, this can also ensure that there is a level of consistency across different markets.

Overall, sufficient, accurate, and timely marketing research can be the difference between a successful international venture and a failed, costly one. By obtaining factual information and useful qualitative data, a company wishing to expand internationally has a greater chance of flourishing in today's global economy.

## Conclusion

*"Advertising is the ability to sense, interpret... to put the very heart throbs of a business into type, paper and ink."* –Leo Burnett

As the world continues to change and new people are born, the evolution of cultural norms and preferences will proceed to develop and adapt to the needs of the market. Overall, through an understanding of the major regulatory, political and cultural differences and similarities

between the United States and the European Union, it becomes easier to identify where value lies in the eyes of the consumer. This, in the end, determines what advertising prevails and fails.

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